

April 8, 2008

To Whom It May Concern:

I am the president and licensed mortgage broker of Nations Financial of New York, Inc. located in Smithtown, New York. I am writing in response to some troubling news I heard today regarding the "Home Value Protection Program and Cooperation Agreement" made by Attorney General Cuomo between Fannie Mae and Freddie Mac and the Office of Federal Housing Enterprise Oversight (OFHEO). This agreement stipulates that Real Estate appraisals can no longer be ordered by mortgage brokers. This action will cause irreparable damage to all mortgage brokers.

As it stands, our clients use mortgage brokers in order to have access to more than one lender. The purpose of a mortgage broker is to shop for the best possible loan for each borrower from a variety of products offered by each of many lenders. If we, as mortgage brokers, submit a loan to a lender and the lender orders the appraisal, our only choice if the loan is denied is to pay the appraisal fee *again* to another lender. Either the broker or borrower will be responsible for this appraisal fee that may need to be paid to several lenders before the borrower is approved. Also, one of the main pieces of information necessary in order to decide on the right loan program for each borrower is the value of the home. If the mortgage broker cannot know the value before submitting the loan he does not have the adequate information to process the loan and choose the lender. Therefore, this agreement of Attorney General Cuomo is neither consumer friendly nor broker friendly.

If a new system must be put in place, perhaps one similar to that of the Veterans Administration would be better for all parties involved. This system requires that a broker request the appraisal through the VA that in turn orders the appraisal from a randomly selected licensed appraiser on a pre-approved roster. If this were applied to Fannie Mae and Freddie Mac, a broker could request the appraisal when submitting the loan to Fannie Mae DO or Freddie Mac LP, their online automated underwriting sites. In this way, the appraisal could be used for any Fannie Mae or Freddie Mac loan at any of many lenders.

If some form of the "Agreement" is instated, it is necessary that it be applied to purchases only. This would keep the Real Estate brokers that own mortgage brokers from using their influence over an appraiser and therefore affecting the appraised value of a property. Also, it would be impossible for mortgage brokers to accurately determine the program and pricing for a refinance loan without first knowing the value of the subject property. If this "Agreement" is put into affect without exempting refinance loans, not only will mortgage brokers disappear, but the cost to the *consumer* will dramatically increase with the lack of competition. I urge you to rethink this "Agreement" in reference to refinance loans, as they are not the problem.

If Attorney General Cuomo's "Home Value Protection Program and Cooperation Agreement" is adopted as is, myself and many other honest mortgage brokers will be forced to close our doors while borrowers will have fewer choices and options, and the large banks will continue to get richer.

Thank you for concern of your office in this matter. It is greatly appreciated. Please feel free to contact me at my office, (631) 863-3300, on my cell phone, (516) 818-7371 or via email, peter@optonline.net.

Sincerely,

Peter Cirillo
President